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NASA Procedural Requirements

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 (NASA Only)

Subject: Accounting General Overview

Responsible Office: Office of the Chief Financial Officer[| TOC](#) | [Preface](#) | [Chapter1](#) | [ALL](#) |

Chapter 1. General Overview

1.1 Overview

1.1.1 Accounting Objectives. The primary objectives of NASA's accounting and financial management processes are to provide accurate and timely information to the public, the Congress, the President, and NASA management on the following:

a. Budgetary Integrity. NASA's financial reporting must assist in fulfilling its duty to be publicly accountable for funds used in accordance with the appropriations laws that establish NASA's budget for a particular fiscal year, as well as, the related laws and regulations. NASA's financial reporting should provide information that helps the reader to determine:

(1) How NASA's budgetary resources have been obtained and used and whether their acquisition and use were in accordance with the legal authorization.

(2) The status of NASA's budgetary resources.

(3) How information on NASA's use of budgetary resources relates to information on the costs of NASA program operations and whether information on the status of budgetary resources is consistent with other accounting information on assets and liabilities.

b. Operating Performance. NASA's financial reporting must assist report users in evaluating NASA's performance, including the costs of programs and projects, program efforts, and accomplishments during the reporting period; the manner in which these efforts and accomplishments have been financed; and the management of the entity's assets and liabilities. Additionally, NASA's financial reporting must provide information that helps the reader to determine:

(1) The costs of NASA's programs, projects, and activities including the composition of and changes in these costs.

(2) The efforts, planned projections, and accomplishments associated with NASA's programs and changes over time in relation to costs.

(3) The efficiency and effectiveness of NASA's management of its assets and liabilities.

c. Stewardship. NASA's accounting and financial reporting must assist report users in assessing the impact of NASA's operations and investments for the period and how, as a result, NASA's financial condition has changed or may change in the future. NASA's accounting and financial reporting must also address the status of NASA's assets including its property, plant, and equipment.

d. Systems and Control. NASA's accounting and financial reporting must assist report users in understanding whether NASA's financial management systems, accounting processes, and administrative controls are adequate to ensure that:

(1) Transactions are executed in accordance with budgetary and financial laws and other requirements, consistent

with the purposes authorized, and are recorded in accordance with Federal accounting standards.

(2) Assets are properly safeguarded to deter fraud, waste, and abuse.

(3) Performance measurement information is adequately supported.

1.2 Agency Requirements

1.2.1 General Policy. NASA's policy dictates the management of finances involved in the execution of NASA missions and the conduct of NASA activities is an integral and essential element of the total management function and is the responsibility of the Agency and officials at all levels of the organization. This policy is based in part on the following considerations:

a. NASA is entrusted with public funds and charged by law with the responsibility for control over and accounting for the use of those funds.

b. Within the law and consistent with sound and conscientious discharge of NASA's public responsibility, the use of funds must be accomplished so that missions are executed and activities conducted in the most efficient and economical manner.

c. The use of public funds is not merely a ministerial function, but a discretionary function which requires the exercise of sound judgment based on reliable information.

1.2.2 Financial Accounting and Reporting Policies. The following policies, related to financial accounting and reporting, apply throughout NASA:

a. Financial accounting and reporting will be performed at the highest level of aggregation possible that commensurate with established objectives. Duplicate records and reports will be avoided, and Headquarters and Centers' requirements will be combined and integrated.

b. All NASA activities must maintain strong internal controls for safeguarding assets, ensuring that bills are promptly processed for goods and services sold, promoting the accuracy and reliability of financial data, and encouraging adherence to approved policies. The system of checks and balances, including separation of duties, will be sufficient to disclose conditions and transactions not in conformance with legal, administrative, and accounting requirements, and to ensure that funds are disbursed only for purposes for which they are legally available and administratively authorized. Recorded transactions will be adequately documented so they may be traced from original source documents to financial statements.

c. Agency program and fund management concepts and systems require that commitments be recorded in order to provide a certified reservation of funds to support the awarding of obligations (see NPR 9470.1, "Budget Execution").

d. Payments will be recorded in accounts and reported at the level of the NASA Financial Classification Structure (FCS) to facilitate administrative control of funds and assist in budget formulation and execution, including commitments, obligations, and costs.

e. Cost accounts will be maintained on an accrual basis, i.e., costs and income will be recorded in accounts in the period in which incurred or earned. In the application of this policy, every effort will be made to ensure a comprehensive accrual at fiscal year-end, and reasonable efforts will be made to record costs accurately on an accrual basis each month.

f. Property, Plant, and Equipment items that meet NASA's capitalization criteria must be recorded soon as practicable and the financial records maintained in accordance with the provisions of NPR 9250.1, "Property, Plant, and Equipment and Operating Materials and Supplies." Operating materials and supplies that are held for future use must be recorded as assets and expensed when issued for use in accordance with the provisions of NPR 9250.1.

g. Quality assurance evaluations will be conducted to provide responsible NASA officials with an independent evaluation of the degree to which NASA's financial accounting and reporting systems conform to the principles and standards prescribed. Such reviews shall also examine the extent to which the concepts and application of NASA's financial accounting and reporting systems are adequate to permit responsible NASA officials to exercise proper financial controls.

1.2.3 Accounting Principles. The following principles shall govern the collection and reporting of NASA's accounting and financial management information:

a. Usefulness. Financial management data shall be gathered and processed to meet specific internal management needs or external requirements. Reports shall be tailored to the specific user.

b. Timeliness. Accounting and financial management data shall be delivered within an appropriately short time period so that it has usefulness to influence management decisions. Final corrected data shall be available in time to meet external reporting requirements.

c. Reliability and Completeness. Accounting and financial management information shall be complete and accurate, verifiable, drawn from the official records and systems, and shall meet the needs of management and external requirements. Transactions will be supported by source documents or other evidence.

d. Comparability and Completeness. Accounting and financial management data shall be recorded and reported in the same manner throughout NASA using uniform definitions. Accounting and financial reporting shall provide management the ability to compare actual expenditures and costs with the budgeted amounts. Consistency over time shall be maintained.

1.2.4 Hierarchy of Accounting Standards. The NASA offices shall adhere to the hierarchy of Federal Generally Accepted Accounting Principles (GAAP) in the order of precedence listed below:

- a. The individual Statements of Federal Financial Accounting Standards (SFFASs).
- b. Interpretations related to the SFFASs are issued by the Office of Management and Budget (OMB) in accordance with the procedures outlined in the OMB Circular A-134, Financial Accounting Principles and Standards.
- c. Requirements contained in the OMB's Financial Reporting Requirements, Circular A-136 (revised).
- d. Accounting principles published by other authoritative standard-setting bodies and authoritative sources if the use of such accounting principles improves the meaningfulness of the financial statements.
- e. United States Government Standard General Ledger (USSGL) published by the Department of Treasury (Treasury) Financial Management Service, through its Treasury Financial Manual.
- f. Policies and guidance published in NPRs.
- g. Interim policies and guidance issued by NASA Headquarters Office of the Chief Financial Officer (OCFO) through various memoranda. Such interim guidance subsequently will be incorporated into the NPRs.

1.2.5 General Ledger Controls. General Ledger accounts will be grouped and subsidiary records will be maintained to provide the accounting detail necessary to properly record transactions and to prepare timely, accurate, and meaningful financial statements and reports for all management levels and external sources.

1.2.6 Financial Control and Recording of Assets. Assets will be controlled and recorded as an integral part of the accounting system. Supplies and materials will be recorded based on information provided by the Supply and Equipment Management Officer who is responsible for inventory management and reporting. Capitalized equipment and real property will be recorded at the detailed item level, thus providing independent financial control. Reconciliation of capitalized equipment and real property detailed records with the supply and equipment management records and the real property records will be done on a periodic basis as prescribed in NPR 9250.1, "Property, Plant, and Equipment and Operating Materials and Supplies."

1.2.7 Allotment Controls. Administrative controls are implemented in accordance with NPD 9050.3, "Administrative Control of Appropriations and Funds" to prevent commitments and obligations from exceeding amounts allotted. Such administrative controls will include appropriate procedures for certification of funds availability prior to obligation. Accounting records will provide a basis for determining that funds are available for incurring commitments or obligations and to ensure that expenditures are not in excess of allotments.

1.3 Roles and Responsibilities

1.3.1 NASA CFO and Deputy CFO (DCFO) shall:

- a. Comply with the provisions of the CFO Act.
- b. Establish policies, standards, and procedures applicable to NASA's financial accounting and reporting functions and activities, and conduct periodic, systematic reviews of Centers' financial accounting and reporting practices.

1.3.2 Center CFOs, Deputy CFOs, and NASA Shared Services Center (NSSC) financial managers shall apply the provisions of the NPDs and NPRs for financial management and the directives of Center and NSSC management.

1.3.3 Mission, program, and project officials shall determine management needs for data, status information, estimates, and reports, consistent with these provisions of NASA applicable NPDs and NPRs.

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